

## Message Text

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ACTION EUR-12

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 6297

INFO AMCONSUL LENINGRAD

USDOC WASHDC

C O N F I D E N T I A L MOSCOW 11042

USDOC FOR BEWT/USSR

E.O. 11652: GDS

TAGS: EEWT, CVIS, UR, US

SUBJECT: RECIPROCAL COMMERCIAL REPRESENTATION IN U.S. AND U.S.S.R.

REF: (A) STATE 168974 (B) MOSCOW 6844

1. EMBASSY BELIEVES THAT AT LEAST IN NEAR TERM, RECIPROCITY FOR EXPANSION OF SOVIET COMMERCIAL PRESENCE IN U.S. SHOULD BE SOUGHT IN ACCREDITATION OF ADDITIONAL AMERICAN FIRMS IN MOSCOW. WHILE THIS IDEA IS HARDLY NEW, LACK OF ACCREDITATION CONTINUES TO BE SINGLE MOST IMPORTANT FACILITATION PROBLEM FACING U.S. COMPANIES HERE. AT LAST READING KOPPERS AND ALLIS-CHALMERS HAD APPLICATIONS FOR ACCREDITATION PENDING WITH MINISTRY OF FOREIGN TRADE WHILE BURROUGHS, SINGER AND WESTINGHOUSE HAD APPLIED TO STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY. (CURRENT READING NOT POSSIBLE DUE TO ABSENCE OF RESPONSIBLE SOVIET OFFICIALS.) PPG, ARMCO, PERKIN ELMER, AND CLARK EQUIPMENT HAVE REPORTEDLY BEGUN APPLICATION PROCESS, AND OTHER FIRMS WOULD PROBABLY APPLY IF PROSPECTS FOR EARLY ACTION APPEARED BRIGHTER.

2. IN LONGER TERM WE MAY WISH TO SEEK ACCREDITATION OF REPRESENTATIONAL FIRMS WHICH DO NOT GENERATE SUFFICIENT TURNS OVERS ON THEIR OWN ACCOUNTS TO QUALIFY UNDER PRESENT MINISTRY GUIDELINES. SOME OF THESE FIRMS (E.G. INTERTORG, WELT INTERNATIONAL) NOW HAVE SEMI-PERMANENT EXISTENCE IN MOSCOW USING HOTEL ROOM OFFICES AND LOCALLY-HIRED SECRETARIES, BUT THEIR CONTINUED

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OPERATION IS SUBJECT TO WHIM OF OVIR AND HOTEL ADMINISTRATORS.

SINCE THEY ARE IMPORTANT VEHICLE INTO SOVIET MARKET FOR MANY U.S. COMPANIES, LARGE AND SMALL, THEIR ACCREDITATION WOULD GIVE BOOST TO THESE EXPORTERS. ACTION ON THIS IDEA WOULD NOT COME EASILY, HOWEVER, FOR ACCREDITATION OF AMERICAN REPS WOULD BRING DEMANDS FOR EQUAL TREATMENT FROM OTHER WESTERN COUNTRIES.

3. EMBASSY ALSO BELIEVES THAT EXTENSION OF KAMA MANDATE ALSO OFFERS GOOD OPPORTUNITY TO PUSH OUR PROPOSALS FOR RECIPROCAL ISSUANCE OF MULTIPLE-ENTRY VISAS TO ALL PERMANENT COMMERCIAL REPRESENTATIVES, INCLUDING NON-US CITIZENS WORKING IN MOSCOW FOR ACCREDITED AMERICAN FIRMS. IMPLEMENTATION OF THESE PROPOSALS WOULD RELIEVE BIGGEST CURRENT CONCERN OF RESIDENT U.S. BUSINESS COMMUNITY. ACCEPTANCE SHOULD NOT, OF COURSE, BE CONSIDERED QUID PRO QUO FOR ANY EXPANSION OF USSR COMMERCIAL PRESENCE SINCE FAR MORE MULTIPLE-ENTRY VISAS WOULD BE ISSUED TO SOVIET TRADE OFFICIALS THAN TO U.S. BUSINESS REPRESENTATIVES.

4. AS UPDK HAS ORALLY AGREED TO RENEW COMMERCIAL OFFICE LEASE, FORMALITIES SHOULD BE COMPLETED WITHIN NEXT WEEK OR TWO.  
MATLOCK

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